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Rebecca S. Skillman, Lt. Governor and Secretary of Agriculture and Rural Development
Andy Miller, Agriculture Director

Members

Dr. Andrew Hsu,
chair
Larry Grider
Dr. Mike Ladisch
John Land
Ronald Meeusen
Rich Slayton
Robert Wease
Ryan West
Matt Williams

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INDIANA BIOBASED PRODUCTS ADVISORY COMMISSION

Indiana State Department of Agriculture

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MEETING MINUTES

Meeting Date: April 25, 2008
Meeting Time: 3 pm
Meeting Place: ISDA, Conference Room A
Meeting City: Indianapolis, Indiana
Meeting Number: 3

Members Present: Dr. Hsu; Ryan West; Richard Slayton; Ron Meeusen; Larry Grider; Robert Wease; Matt Williams

Members Absent: Dr. Ladisch; John Land

1. **Call to Order**

Dr. Andrew Hsu called the meeting to order at 3:06 pm.

2. **Approval of Agenda**

Consent

3. **Approval of Minute**

Consent

4. **Review of Previous Meeting's Discussion**

Dr. Hsu updated the members who were absent of the discussion that took place at the second meeting. He said that Commission has agreed to use the USDA's BioPreferred¹ list of bio-based products as the list the State of Indiana should work from. The Commission also proposed policies on how to assist Indiana bioproducts companies in becoming certified with the USDA program. The members also looked at current state buying preference programs. It was suggested that bioproducts and bioproducts from Indiana be added to the list of state purchasing preference².

¹ <http://www.biopreferred.gov>

² Indiana Department of Administration's Procurement Handbook <http://www.in.gov/idoa/2694.htm>

Mr. Slayton also noted that Mr. West said that there are even more bioproducts available than what is listed on the USDA purchasing list. Mr. West said that the Indiana Soybean Alliance would be a good place to start for adding more products from corn and soybeans. Mr. Meeusen added that DNR can help add forestry-based bioproducts to the list. He also said the commission needs to figure out a way of keeping the purchasing list updated as new products and companies come online. Dr. Hsu suggested that the state appoint an organization to do this task.

Mr. Meeusen reviewed the handout he put together outlining the three areas that the Commission needs to focus on in positioning Indiana producers for each market. (1) need to amend the Indiana Department of Administration's (IDOA) purchasing preferences; (2) need to give Indiana producers a leg up on selling their products on the USDA BioPreferred list of bioproducts; (3) need greater world competition, such as what can the state do to make Indiana more competitive.

5. Discussion of Bioproducts in Indiana

Mr. Slayton said that there is more of a need than just getting a company's bioproducts on the USDA list. The state also needs to help companies help themselves with marketing their products. Mr. Grider asked about just marketing bioproducts, but not those products produced in Indiana, and would that count. He gave an example of coconut fiber that is used in products, but obviously not produced in state. Mr. Slayton thought that would be a stretch to be included. Mr. Meeusen said it could still be included though if it was an Indiana company that was manufacturing the product, even though the material was produced elsewhere.

Dr. Hsu said that the scope of the commission is not charged with that wide of a point of view. The Commission is to look at it from an Indiana prospective. He asked if the Commission has the responsibility of expanding bioproducts to all of the US. Mr. Wease questioned whether it would not be the Commission's job to bring coconut fiber here for production and manufacturing? Mr. Grider asked what percentage of the product would have to be Indiana grown or produced to be approved. Mr. Wease acknowledged that the federal guideline is 50% or more that is mined, produced or manufactured in the US.

Mr. Meeusen said that the enabling legislation, HEA 1281 (2007), only requires the Commission to look at Indiana manufacturing and development. Mr. Grider said that many of his products are value added products, where the inputs come from out of state but are manufactured in state. Dr. Hsu thought that maybe an agency should be required to certify if products are 50% or more Indiana based. It may be a possible recommendation from the Commission that IDOA should have a preference to buy products where 50% of the product's value added shall be from Indiana.

6. Bioproducts Preferences

Mr. West pointed out that there should be some kind of compensation to make bioproducts more economically competitive. Dr. Hsu said he was not sure if he wanted

to recommend price preference for bioproducts, but would rather grant points under the Request for Proposals point system³. He would like to see 20 points given to bioproducts. Mr. West said that it was the legislative intent with pricing preferences to give these types of products an advantage. He suggested giving a price preference of 5% to bioproducts. A clarification was made that only one pricing preference can be awarded, even though a product may qualify for more than one.

Mr. Meeusen suggested that points are more important than a pricing preference in terms of procuring products in the state. Mr. West pointed out that to make the process work, the Commission needs to get bioproducts into the purchasing process to make it economically feasible for the state to purchase. Mr. Meeusen said that the pricing preference is a more complicated process and the Commission should recommend to the legislature to allocate points for bioproducts which is easier. Dr. Hsu agreed. Mr. West countered that the procurement process is not an either/or process when dealing with price. Pricing preferences go into the point system because a competitive price gets allocated 25 points.

Dr. Hsu said Indiana businesses already get a pricing preference so giving bioproducts points is more important. He recommends that 20 points be allocated. Mr. West asked if the points would only be available for Indiana bioproducts or all bioproducts. Mr. Wease thought that if it is a bioproduct in general, they should get some points and Indiana bioproducts should get more points. Dr. Hsu asked if the Commission agreed to include all bioproducts into one category and award 20 points for it. Mr. Slayton noted that 20 points is fine and should let the legislature decide if that is the right amount. Commission came to an informal agreement to recommend that “bioproducts get a 20 point purchasing preference.”

7. Assisting Indiana Bioproduct Companies

Dr. Hsu said the Commission needs to propose how to assist Indiana bioproduct companies with becoming certified for the USDA BioPreferred Program. He asked whether this should fall with Indiana Economic Development Corporation (IEDC) or just tell the General Assembly to pick an agency or group to do this. Dr. Hsu proposed a possible recommendation that “a governmental agency or IEDC shall train Indiana bioproduct companies and assist them in becoming USDA BioPreferred approved. The overseeing agency would also be responsible for maintaining the list of Indiana bioproducts approved by USDA BioPreferred Program.”

Mr. Meeusen suggested that the Commission might first want to make it an assignment of finding out what duties are needed for an on-going basis and create a matrix of what agencies and groups would already fit that role. Private organizations are already doing some of these duties, so the Commission should compile a list of both organizations and agencies who would be interested. Mr. West noted that bioproducts also need more value

³ <http://www.in.gov/idoa/2736.htm>

in the product than just selling to government. He wondered what is the value of the company's bioproduct to be on the list besides selling to government. The Commission should probably charge a fee for helping companies learn how to be approved and could have a group that would do the training based off of this fee. Dr. Hsu agreed and said that might be the most efficient way.

Mr. Grider noted that IDOA's Greening Government staffer said there was not much interest in bioproducts currently. Mr. Grider agreed that a training seminar would be beneficial. Ohio has a similar program in place already. Mr. Slayton wondered if the State Fair would be a good place to start. Dr. Hsu also proposed the idea of having a certified bioproducts label.

8. Next Steps

Mr. West will come up with a list of producers and bioproducts from Indiana. Mr. Meeusen will work on a group matrix of those who could help maintain the program long term and keep the bioproducts purchasing list updated. Mr. Meeusen is still looking at private funding opportunities. Mr. Slayton will work with Jack Seifert from DNR on expanding the bioproducts list to include more wood products.

9. Next Meeting

Next meeting will be May 9 at 3:00 pm at ISDA offices.

10. Adjournment

Dr. Hsu adjourned the meeting at 4:38 pm.